



Date: June 1, 2016

To: Menasha Utilities Commission
Menasha Common Council

From: Melanie Krause, General Manager

RE: Refinancing of the WPPI Lease Agreement

We have been looking at refinancing the WPPI Lease Agreement with the State Trust Fund Revenue Loan Program. Based on preliminary discussions with the state the interest rate should be lower than we are currently paying and has the potential to save millions of dollars over the term of the lease. The WPPI lease agreement has a term of 4/6/2031 with a 6.5% interest rate and the principal balance as of 6/6/16 will be \$11,327,264.71.

We met with the Public Service Commission (PSC) on May 27 to determine the plan on how the lease agreement will need to be unraveled and how to proceed with borrowing given both will require the approval of the PSC. The PSC was agreeable with Menasha Utilities submitting the Revenue Loan application request to the state prior to submitting an application to the PSC on unraveling the lease. The Revenue Loan application request includes financial information so that the state can determine the interest rates and terms of the loan. Once we have this information we will be coming back to the Commission and Council with more details on this transaction and the borrowing for approval as well as proceeding with the PSC.